



# Michigan *Office of the Auditor General* **REPORT SUMMARY**

## *Financial Related Audit*

## *Use of Transportation-Related Funding*

Report Number:  
07-629-04

Released:  
March 2004

*Act 59, P.A. 2001, requires State agencies that receive transportation-related funding for providing tax and fee collection and other services for transportation funds to contract with the Michigan Department of Transportation (MDOT). These agencies are also required to annually report the amount of funding contracted for, expended from, and returned to the transportation funds. The Office of the Auditor General is required to report to the Legislature on the charges to transportation funds by State agencies.*

### **Background:**

In fiscal year 2001-02, transportation-related funding was provided to the following State agencies: the Departments of State, Management and Budget (DMB), Treasury, State Police, Civil Service, Attorney General, Environmental Quality, and Transportation; the Michigan Economic Development Corporation; the Office of the Auditor General; and the Mackinac Island State Park Commission.

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### **Audit Objective:**

To determine the adequacy of the cost allocation methodologies used to identify transportation-related costs and the appropriateness of charges to transportation funds.

### **Audit Conclusion:**

We determined that 10 of the 11 State agencies that received transportation funding had adequate cost allocation methodologies to identify transportation related costs. We also determined that 10 of the 11 State agencies made appropriate charges to transportation funds. Our audit

disclosed a reportable condition regarding MDOT's cost allocation methodology and the Department of Treasury's incorrect calculation of transportation-related charges (Finding 1).

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### **Audit Objective:**

To determine whether unused transportation funds' appropriations were returned to the appropriate transportation fund.

### **Audit Conclusion:**

We determined that all the State agencies had returned their unused transportation fund appropriations for fiscal year 2001-02 to the appropriate transportation fund.

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### **Audit Objective:**

To determine compliance with contractual and reporting requirements for transportation-related funding as prescribed by the appropriations acts.

***Audit Conclusion:***

We determined that all 10 State agencies had executed the required contracts with MDOT for fiscal year 2001-02. However, only 8 of the 10 State agencies submitted an annual report as required by the appropriations act. Our audit disclosed a reportable condition regarding DMB's reporting procedures (Finding 2).

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***Agency Response:***

MDOT and the Department of Treasury responded that they agree with the recommendations directed to them. DMB responded that it would consider the recommendation.

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A copy of the full report can be  
obtained by calling 517.334.8050  
or by visiting our Web site at:  
<http://www.audgen.michigan.gov>



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